

February 11, 1965

## CONGRESSIONAL RECORD — HOUSE

2585

As chairman of the Committee on Merchant Marine and Fisheries, I am authorized to serve as an ex officio member of the Board.

Sincerely,

HERBERT C. BONNER,  
Chairman.

**GOVERNMENTWIDE COORDINATION  
OF AUTOMATIC DATA PROCESSING EQUIPMENT**

(Mr. BROOKS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROOKS. On July 18, 1963, the House approved H.R. 5171, to provide the necessary operational machinery for governmentwide coordination of automatic data processing equipment. Approval of this measure would have made it possible for the executive to acquire and utilize this highly useful but costly equipment on the most economical, businesslike basis. Final action was not taken on this measure before the close of the 88th Congress. The proposal I introduce today is identical to H.R. 5171 except for several clarifying amendments.

Traditionally, the House has endeavored to improve the economy and efficiency of Government operations at all levels. And, we know of the President's interest. Only recently in his state of the Union address he called for a Federal Government "moderate in structure, efficient in action, and ready for any emergency." Last May, in a Cabinet meeting, the President was more specific. At that time he told the heads of our various departments:

I want all reports made by the General Accounting Office and any congressional committee to be given prompt and thorough and careful attention. Honest mistakes can be forgiven, but it is hard to forgive failures to examine and tighten agency procedures to guard against a recurrence of an error that is uncovered by the GAO or by a congressional committee.

This legislation is the type of proposal to which the President referred in his frank discussion with his executive leaders. This proposal is strongly recommended by the Comptroller General. During the past 7 years he has submitted more than 60 audit reports to Congress fully documenting grave deficiencies in Government management of automatic data processing equipment. These support his long-standing recommendation that acquisition and utilization of ADP equipment be coordinated on a governmentwide basis.

Through approval of this legislation we will have within our grasp savings in tax funds of such magnitude as to noticeably affect the annual Federal budget in future years. In May 1963, in hearings on H.R. 5171, the Comptroller General, who for many years has followed the development of automatic data processing, predicted that Government usage of this equipment would continue to increase for an indefinite period—an increase more in a geometric rather than an arithmetic progression. In an article on automation appearing in the January 25, 1965, Newsweek, the author points

out that this explosive growth is not limited to the Federal Government:

Last year, corporations like IBM, RCA, Sperry Rand, General Electric, Honeywell, and National Cash Register sold or leased about \$2 billion worth of this electronic marvel. There are now more than 20,000 general purpose computers in operation—a two-thirds increase in less than 2 years—and about 10,000 more are already on order.

In May 1963, the Comptroller General also predicted that ADP costs must soon be considered as an annual fixed charge against the Government which could not be reduced—comparable to the interest on the national debt. To appreciate the sums involved, one has only to consider that there are approximately 2,000 ADP systems in use in Government departments and agencies with annual operating costs exceeding \$1 billion. Many of the larger of these systems sell for millions of dollars or lease at rates in excess of \$50,000 a month for a one-shift operation. In ADP management, even the smallest mistake can be extremely wasteful.

In May 1963, testifying on H.R. 5171, the Comptroller General further suggested that adoption of a businesslike, Government-wide coordination system, as provided in this legislation, would result in savings of substantially more than \$100 million a year. He added that this estimate was conservative.

This estimated savings of more than \$100 million a year was based upon an authoritative study of benefits that would accrue to the Government through the purchase rather than the lease of 523 representative systems after an initial 5-year period during which the savings would amount to about \$148 million. Were the Comptroller General to testify today, with the benefit of additional data developed during the last 2 years, I am sure his estimate of potential savings would be even more formidable.

First, there are far more than 523 systems involved. Last year, there were approximately 1,700 systems. This year, as I pointed out, we are talking in terms of approximately 2,000 ADP systems in use in Government.

Second, the Comptroller General's \$100 million a year estimate did not reflect the substantial savings which can result from increasing the utilization of presently held equipment. Round-the-clock, three-shift usage is generally considered as an optimum and, in most instances, a reasonable goal. The latest estimates indicate that Government ADP utilization falls far short of this goal.

Third, the Comptroller General's \$100 million a year estimate did not consider that vast array of ADP equipment acquired at the expense of the taxpayers and located in the plants and facilities of defense and other contractors. No reliable Government-wide inventory of this equipment has been made. The best informed officials suggest that the total of these contractor-held systems at least equals the number of systems used in house in Government. Other estimates place the total of contractor-held equipment as high as twice the number of systems used in house in Government.

Thus the savings in tax funds from this legislation are not limited to \$100 million annually, but as time passes will involve ever-increasing sums many times this amount. With billions in tax funds invested in ADP and with use of this equipment expected to increase indefinitely, we must provide the Government with the most efficient and effective management that can be devised without compromising agency equipment application or use.

Turning to the substance of the problem, the Comptroller General has performed almost 100 reviews of Government ADP activities. Some 60 of these have resulted in highly critical reports to Congress. Of these, four have been comprehensive evaluations of Government-wide ADP management problems.

In the first of these comprehensive reports, issued in June 1958, he pointed out that there was no single agency of Government responsible for directing and co-ordinating continuing developments in automatic data processing. He emphasized that his principal recommendation was the need to establish an effective coordinated program of joint effort in the Government. Subsequent to that report, the Bureau of the Budget endeavored to improve Government ADP management, but these efforts relied upon an agency-by-agency approach.

In a second comprehensive report submitted to Congress in December 1960, the Comptroller General renewed this recommendation for Government-wide coordination in ADP management. And, some 3 years later, in March 1963, he advised Congress in a third comprehensive report that no significant progress had been made toward achieving an effective, coordinated mechanism in the Federal Government to obtain optimum utilization and economical acquisition of ADP equipment.

In April 1964, the Comptroller General, in a fourth comprehensive report, acknowledged some improvements but cautioned that only limited gains could be expected from the Government's uncoordinated approach. He again emphasized his recommendation for a Government-wide coordination system, as provided in this legislation.

The lack of a Government-wide coordinated approach has been the principal basis for the Comptroller General's continuing criticism. Most of the costly deficiencies reported to Congress during the past 7 years either stem directly from a lack of Government-wide coordination in the utilization and acquisition of equipment, or could be readily cured by this broader approach.

Low utilization of available equipment is a chronic problem throughout the Government. As previously discussed, significant savings could be achieved by a mere increase in the use of equipment the Government now has, in lieu of the acquisition of additional systems. Experience during the past 7 years demonstrates that satisfactory utilization of equipment through sharing multi-agency use, and interagency transfer cannot be obtained without active Government-wide coordination.

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An obvious necessity in any effective management program is the availability of up-to-date, accurate, detailed inventory information. No such inventory is in existence today. But, under this legislation, GSA would maintain an inventory of Government ADP equipment as well as prospective requirements and other related information either necessary or desirable for management, technical, or policy making purposes. This inventory, of course, would be maintained on an adequate ADP system. The information from it would give GSA, the Bureau of the Budget, user agencies, and the Congress the basic facts essential to the development and maintenance and maintenance of an effective Government-wide ADP program. This information would also be available to ADP manufacturers on a routine basis affording them a better opportunity to compete for Government business on a cost and quality basis.

With this detailed information, GSA would have an effective means of increasing Federal utilization to an optimum level. GSA could routinely match new requirements with existing capacity through sharing—including the use of communications systems as this new technique continues to develop—multiple use and transfers. The central ADP revolving fund authorized in this legislation would afford GSA an effective means to fund the sharing and joint use of equipment. Agencies would prorate the cost on a time-use basis. Systems could also be speedily transferred from one agency to another simply by making an adjustment in the billing rates of the agencies involved.

The Government's ADP procurement system is also inadequate under the present agency-by-agency approach. Little if any real advantage is obtained, considering that the Government is the largest ADP user in the world. First, as previously emphasized, you cannot reliably determine additional equipment needs until equipment on hand is used to an optimum extent. Then, as outlined in the Comptroller General's report of March 6, 1963, authoritative evaluations must be made as to the comparative benefits to the Government on lease versus purchase. These evaluations cannot be made on an agency-by-agency basis. They must reflect the projected economic life of the equipment to the Government as a whole and not solely to the initial procuring or user agency, as has been the practice in the past.

And, having decided that additional equipment is needed and that it should be leased or purchased, the Government must then be in the best possible position to obtain the most favorable purchase or lease prices, including volume discounts. This requires development of a single purchaser concept. This in turn requires use of a capital revolving fund and the overall Government-wide coordinating authority authorized in this legislation.

Under this approach, GSA would not become a Government ADP czar. GSA would not interpose itself between the manufacturer and the user agency except in the execution of lease, purchase, or maintenance contracts. As is now the

case, each user agency would determine its own ADP requirements and these requirements would be provided, assuming that the Congress has appropriated adequate funds to the agency to cover annual rental of the system to be paid into the revolving fund and assuming the Bureau of the Budget, the President, or Congress does not specifically disapprove the user agency plans.

The bill I introduce today contains an amendment expressly reserving the right of user agencies to establish their own individual requirements. The amendment also guarantees any user agency the right to appeal from any decision GSA might make which the agency considers compromises its management responsibilities or adversely affects its operations.

The bill also contains appropriate exceptions necessary for reasons of security and defense and to allow deviations from the procedure when necessary for economy or efficiency. It is not the intent of this legislation that any specialized scientific or specially designed military ADP system components be included within the confines of this coordination procedure. The ADP of concern are the general purpose systems, which I understand comprise about 90 percent of the ADP equipment in the Government's possession.

An amendment is also included delineating the technical functions of the Commerce Department's Bureau of Standards. The Bureau of Standards would offer scientific and technical advisory and consulting services to agencies generally and to the Administrator of General Services in the operational management of this Government-wide ADP coordination program. In addition, the amendment provides for the submission of recommendations to the President relating to the establishment of uniform Federal standards for ADP equipment, techniques, and computer languages. The amendment authorizes the necessary research to fulfill these responsibilities.

Any research the Bureau performed would neither duplicate nor interfere with the research of user agencies. The Bureau of Standards would supplement agency research efforts when necessary to meet Government-wide requirements for the services stated in this legislation.

The subcommittee on Government activities, of which I am chairman, will shortly announce the date of hearings on this legislation.

## JOHN L. LEWIS

(Mr. SAYLOR asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SAYLOR. Mr. Speaker, long after Members of this Congress have passed into the oblivion of history, the man whose 85th birthday is being observed tomorrow will continue to be honored for his leadership in America's 20th century industrial progress. John L. Lewis' position in the labor movement has already

but only with the passing of years will his overall contributions come to be thoroughly recognized and appreciated.

Those of us who were brought up in the coal region have been fortunate in being so close to the scenes where—through the efforts of Mr. Lewis—the miner has experienced a transformation from a hollow, neglected existence into a respected and vital place in the community. But the reputation of this outstanding humanitarian is by no means confined to mining areas. Wherever coal is mentioned, John L. Lewis comes to mind. Whenever an article on coal is published, the name is certain to appear.

As succeeding generations pass along, the dominating personality of John L. Lewis will be looked upon not only as the spark behind the renaissance of the coal miner, but also as the answer to management-labor problems that plagued the country for half a century and more.

It was in 1950 that a new era in management-labor relations came about when Mr. Lewis sat down in quiet discussion with a representative of coal operators after every other approach to agreement had been exhausted. Out of that meeting came a program universally accepted as an ideal solution to the strife and hostility that could be anticipated when one man invested in capital equipment and another was employed by him. Since that time mine owners and mine workers have walked together along the road to a better life.

In wishing you a happy birthday, Mr. Lewis, America thanks you for past accomplishments as well as for the advantages that will accrue to our country in the future through your indomitable and incomparable foresight.

## HORTON BILL HELPS TAXPAYERS HURT BY UNDERWITHOLDING

(Mr. HORTON asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. HORTON. Mr. Speaker, I introduced a bill earlier this week to benefit taxpayers facing higher tax bills. The legislation covers those who, despite the overall tax cut, will owe additional taxes as the result of withholding rate reduction exceeding the reduced tax rate.

The problem faces millions of Americans as the result of the tax reduction legislation enacted by Congress last year. The new withholding rate of 14 percent was made effective for almost all of 1964 while the tax lowering was made effective in two steps with only the first portion applying to 1964 income.

Many of my constituents are registering strong complaints with me because of the financial pinch they face at no fault of their own.

To ease the strain on those taxpayers who went ahead and spent the extra money made available by the withholding drop—as they were urged to do in behalf of the national economy—I have introduced a bill to let them spread their extra payments over the next year.

Under my proposal, a taxpayer could spread his extra payment over the part of his income